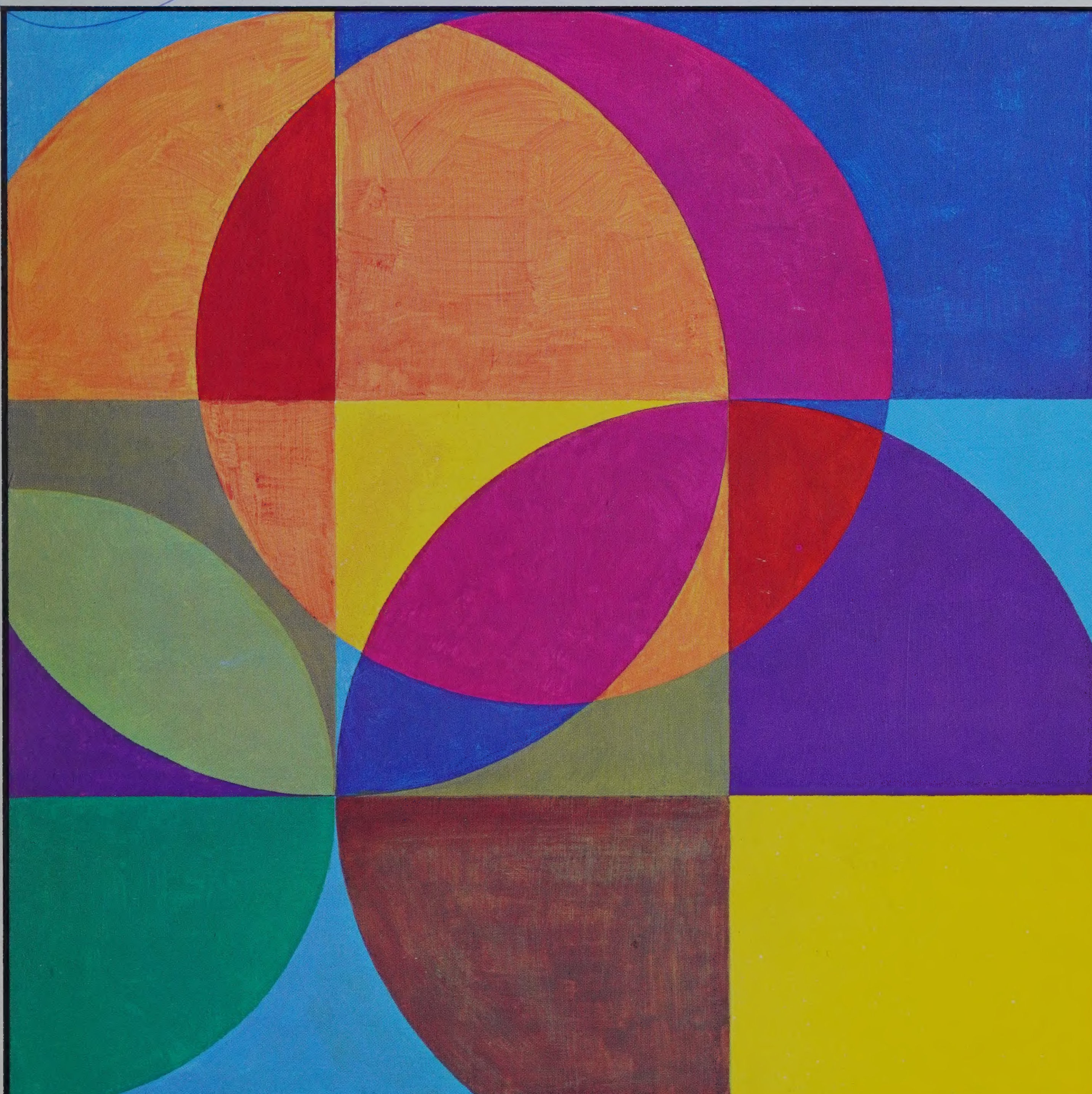
AR35

General Mills

ANNUAL REPORT

MAY 31, 1971/MAY 28,1972

SPHERES OF SERVICE



FOODS AT HOME ■ FOODS AWAY FROM HOME ■ FUN AND FASHION ■ SPECIALTY CHEMICALS

A SAMPLING OF PRODUCTS FROM OUR SPHERES OF SERVICE

General Mills

SPHERES OF SERVICE — Opportunities for service, and the profits that are its just reward, grow with changing styles of living. General Mills keeps pace by expanding its spheres of service to this nation and the world.

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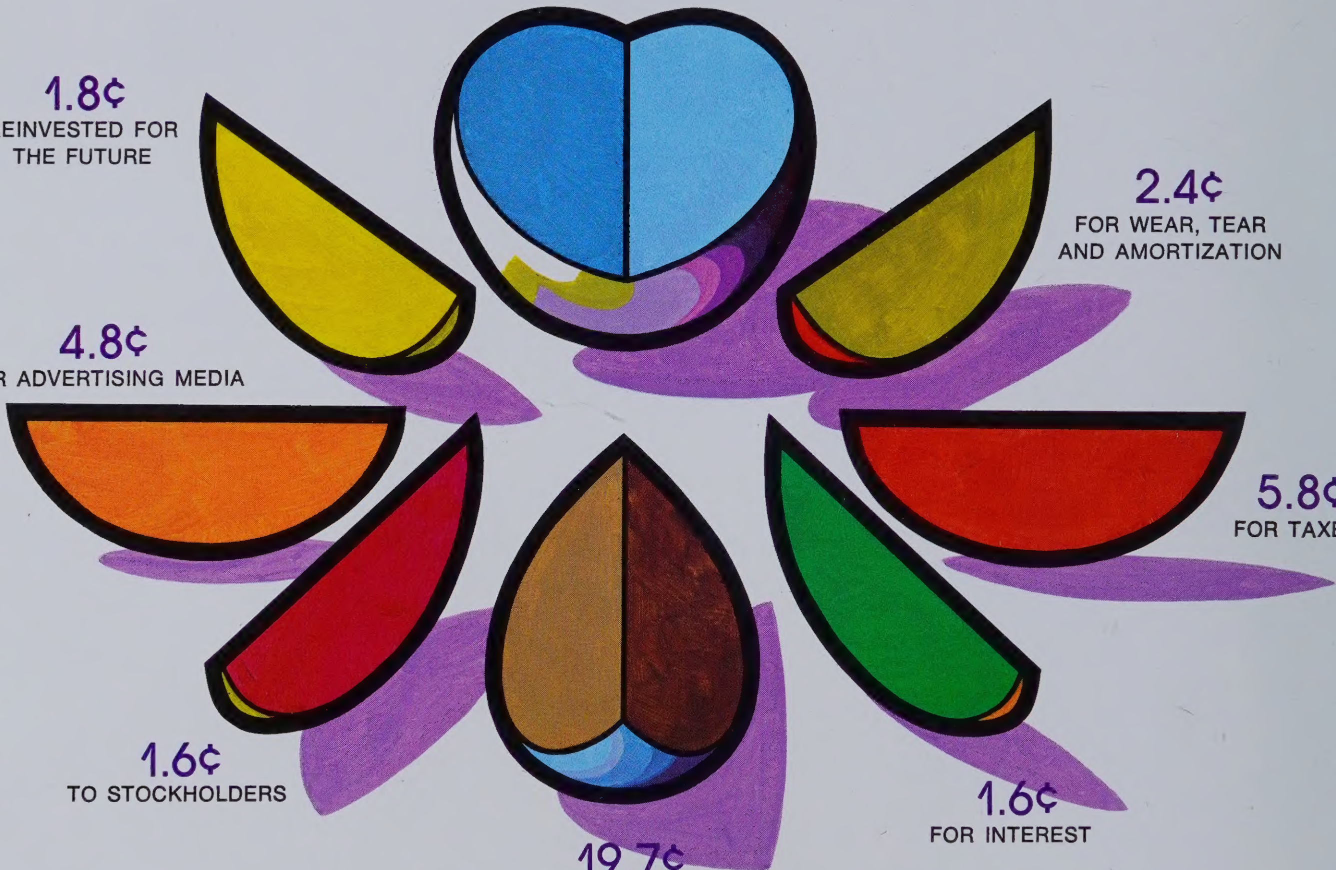
NOTICE TO STOCKHOLDERS: The annual meeting of the stockholders of General Mills, Inc., will be held at 2:00 p.m., Central Daylight Time, September 19, 1972, at Golden Valley (Minneapolis), Minn. The *Notice of Annual Meeting of Stockholders and Proxy Statement* is being mailed to reach stockholders on or about August 28, 1972.

HOW THE SALES DOLLAR WAS DIVIDED



THE YEAR IN BRIEF

	52 Weeks Ended	
	May 28, 1972	May 30, 1971
Sales	$1,316,279,000	$1,120,052,000
Earnings before extraordinary items	52,157,000	43,856,000
Extraordinary items	(6,760,000)	—
Net earnings	45,397,000	43,856,000
Earnings before extraordinary items per dollar of sales	4.0¢	3.9¢
Earnings per common share and common share equivalent:		
Earnings before extraordinary items	$2.33	$1.98
Net earnings	2.03	1.98
Wages, salaries, employee benefits	258,616,000	224,027,000
Taxes — Federal, State and Local	76,204,000*	64,808,000
— per cent of earnings before taxes	59.1%	59.3%
Dividends — common stock	$ 19,090,000	$ 17,255,000
— preference stock	2,295,000	2,532,000
Earnings in excess of dividends	24,012,000	24,069,000

*Excluding income tax credits of $4,799,000 related to extraordinary items.

CHAIRMAN'S AND PRESIDENT'S REPORT

TO STOCKHOLDERS AND EMPLOYEES:

August 18, 1972

Fiscal 1972 stands as a year of accomplishment for General Mills. Sales rose 17.5 per cent to reach $1,316,279,000; earnings of $52,157,000 before extraordinary items represent a gain of 18.9 per cent; earnings per common share and common share equivalent, before extraordinary losses of 30 cents, increased 17.7 per cent to $2.33.

Operating highlights of General Mills' 44th year included: 1.) attainment of the greatest year of internal growth by the company's basic business, consumer package foods, through a record amount of new products; 2.) dramatic improvement in the growth and profitability of international operations and specialty chemicals; 3.) emergence of retailing, particularly the Red Lobster Inns specialty seafood restaurants, as an important source of earnings; 4.) a 40.1 per cent gain in operating profits from consumer non-food products, including a satisfying turnaround by craft, game and toy operations; and 5.) financing of this growth almost entirely with cash generated from operations, according to plan.

These results give continuing evidence of our success in maintaining traditional food operations as highly productive activities while more fully realizing the expected benefits from recent investments in faster growing markets, which we count on for strong growth during the 1970's. In all our operations, the contributions to current results of our 35,892 employees, our customers and our suppliers have been of vital importance. We are happy to have this opportunity to express our appreciation.

To facilitate future progress, steps were taken to consolidate food production operations, terminate unsuccessful food service and restaurant test ventures and dispose of miscellaneous assets (see Note 8). A net extraordinary charge of $6,760,000 after return of discontinued operations reserves was made against fiscal 1972 results for these actions. The benefits include important ongoing cost savings and release of approximately $10,000,000 in capital for investment in more attractive areas.

While fiscal 1972 was a fine year, the immediate outlook appears equally bright. The momentum provided by developments of the past 12 months, supported by a sustained high level of marketing investment and the quickening pace of the economy, has resulted in a strong start toward a good fiscal 1973. A steady flow of promising new General Mills products and services — some mentioned in this report and others yet to be announced — will be entering the market. These, plus continuing expansion of retail activities, which are major items in record planned gross capital expenditures of $65,000,000 in fiscal 1973, enhance the potential of growth in earnings per share at a compound rate in excess of 10 per cent annually, which is our goal.

The proposed acquisition of Kimberly Knitwear, Inc., designed to broaden the product lines of our fast-growing Fashion Division, is expected to be completed for approximately $30,000,000 in General Mills common shares. Signing of a contract with this quality merchandiser of women's knit apparel was announced July 21; ratification of the contract, subject to a financial audit and other normal conditions, is expected by early fall. The combining of Kimberly's earnings will probably result in the addition of a few cents to General Mills' earnings per share.

Looking beyond the coming year, General Mills is well positioned to take advantage of the environmental trends we see during the 1970's. Convenience foods — an area where the corporation is constantly expanding its product developmental efforts — will assume even greater importance as the number of working wives grows 25 per cent during the decade and they have less time for meal preparation. General Mills is seeking to broaden further its solid base in between-meal eating, in keeping with a one-third increase in the busy, snack-prone young adult population. More meals will also be eaten away from home with growth in leisure time, greater travel, increasing affluence and in the numbers of working wives who want to get out of the kitchen more often. General Mills' expanding efforts in the meals-away-from-home market are aimed at fulfilling the consumer's demand for good nutritious food, fast service, a pleasant environment and reasonable prices.

Fun and fashion activities are expected to benefit significantly from the growth in increased leisure living — stimulated by a rise in discretionary income, smaller family size and more long weekends.

As management looks toward 1980, major changes seem likely in virtually every area, whether it be life style trends, economic and demographic patterns or business' role in society. General Mills welcomes such change, for the company believes that with change comes opportunity. Continuing to anticipate changing wants and needs and striving to take advantage of them with new products and services of good customer value, we look forward to a bright future.

J. P. McFarland
Chairman of the Board

J. H. Summer
President

EXECUTIVE OFFICES • 9200 WAYZATA BOULEVARD • MINNEAPOLIS, MINNESOTA

Mailing Address: P.O. Box 1113, Minneapolis, Minnesota 55440

BUSINESS REVIEW

A decade has now passed since General Mills began implementing a strategy of redeploying corporate assets in operations with favorable long-term growth prospects. Through those years, the company, once largely commodity-based, has broadened and changed its spheres of service until today it is a diversified, consumer-oriented food company. The strength provided by recent investments and highly successful new product introductions made fiscal 1972 the single greatest year of internal growth in the company's history.

- **Sales reached a new high of $1,316,279,000, an increase of 17.5 per cent;**
- **Earnings before extraordinary items gained 18.9 per cent to a record $52,157,000; earnings before income taxes and before adjustments for 50 per cent and minority-owned companies reached $103,580,000, or 16.8 per cent greater than a year ago;**
- **Earnings per common share and common share equivalent, before extraordinary losses of 30 cents, reached $2.33, a 17.7 per cent gain.**

FOODS AT HOME. Serving families with fine food products has been a large and growing sphere of General Mills' business throughout the company's 44-year history.

While 1971-72 was an especially outstanding year, substantial progress has been recorded for the entire nine years since fiscal 1963, the first year which benefited from the company's withdrawal from marginal commodity-oriented activities. During this period, General Mills increased its spheres of service by entering consumer non-food markets likely to demonstrate above-average growth, such as crafts, games, toys, fashion and direct marketing. Through internal development and acquisitions, the company entered faster growing food markets, such as snacks, frozen foods and restaurants, and broadened product lines and markets overseas. Existing consumer package foods lines and the specialty chemical business progressed favorably.

As a result, sales achieved a new record in each of the past six years, progressing at a compound annual rate

of 10.8 per cent since 1963 from a base of $523,900,000. More significantly, earnings and earnings per share before extraordinary items reached new peaks each year. Earnings have compounded at an annual rate of 14.9 per cent from a base of $14,900,000 while earnings per share, which in fiscal 1963 were 95 cents, have grown at a compound annual rate of 10.5 per cent.

To help assure continuing progress, the Board of Directors on February 28 approved facilities reductions that will lower costs and release approximately $10,000,000 in capital for rapidly expanding parts of the company. The reduction of food plant capacity, a decision to terminate and write off unsuccessful food service and restaurant test ventures, disposition of other miscellaneous assets and return of reserves no longer needed for discontinued operations resulted in a net extraordinary charge of $6,760,000, or 30 cents per share, against fiscal 1972 results (see Note 8).

Specific operational changes included the following:

1. The Lancaster, Ohio, snack plant was closed on July 8, 1972. Big G boxed snack production was shifted from Lancaster to a multi-purpose food plant at West Chicago.
2. Flour milling capacity was reduced at the South Chicago mill.
3. Capacity was eliminated in the portion of the Cedar Rapids, Iowa, complex where an unsuccessful canned entree line was manufactured. To provide further efficiency, the Food Service and Protein Products Division was disbanded and its functions assigned to other existing divisions.
4. Two small restaurant test operations, Union Jack Fish & Chip Shops and Uncle Don's barbecue restaurants, were terminated.

Another highlight of fiscal 1972 was the emergence of international operations as an important profit contributor. International foods, ingredients, toys and games and chemicals all enjoyed favorable results. Operating profits advanced dramatically to $18,900,000, or 13.5 per cent of the corporate total. Sales gained 26 per cent, and at $209,300,000 they account for 15.9 per cent of the company's total.

The improvement in profitability of international businesses and an increase in investment tax credits of approximately $900,000 enabled net profits per sales dollar to rise from 3.9 to 4.0 cents. Overall domestic profit margins declined slightly, however, largely because of higher marketing costs associated with accelerated new food product introductions and higher raw material, packaging, transportation and other costs absorbed during the year. In a period when generally rising prices have been a national concern, General Mills' domestic sales increased less than two per cent as the result of price changes since last year. Price adjustments since the price freeze began on August 15, 1971, accounted for about one-half of one per cent of domestic sales. Virtually all price adjustments involved seafood products because of substantial increases in the uncontrolled prices of raw materials purchased in international markets, partially caused by revaluation of the dollar relative to foreign currencies.

For the eighth consecutive year, dividends per common share increased over the year before. General Mills paid dividends of 96 cents per common share. The quarterly rate was increased to 25 cents per share for the payment of August 1, first of fiscal 1973. This marks the 176th consecutive dividend payment without reduction on General Mills' common shares.

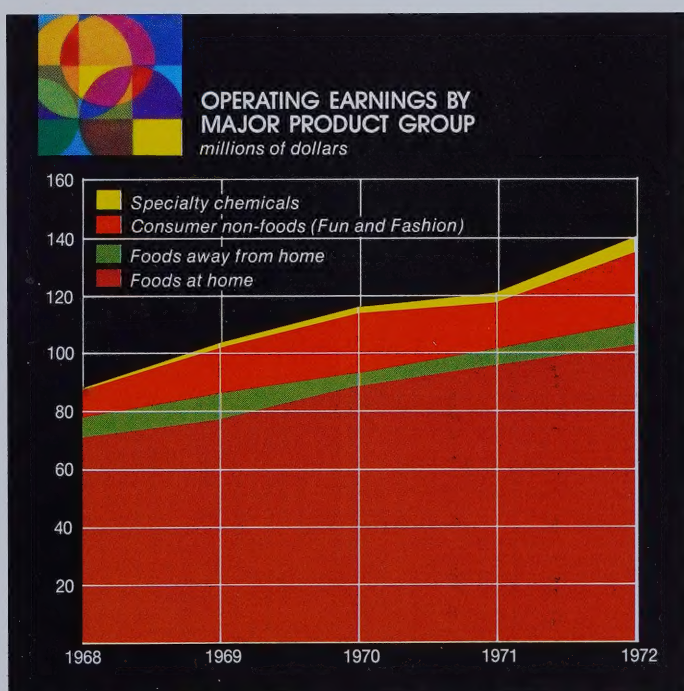
A discussion of 1971-72 highlights in each of General Mills' spheres of operation follows.

FOODS AT HOME

(Millions)	1972	1971	Change
Sales	**$785.8**	**$676.3**	**+16.2%**
Operating Profits	**$102.0**	**$ 96.6**	**+ 5.6%**

Fiscal 1972 was a year of heavy new product activity for General Mills' consumer food lines. Many significant new products were placed in full distribution, both in domestic and international markets, with the objective of accelerating internal growth in the company's largest and most important product group.

Performance of established products was strong; most



See page 23 for data on which this chart is based.

lines maintained or increased their share of market. New products, including a number of line extensions, contributed nearly $100,000,000 in sales. Four of these items had sales of over $10,000,000—Hamburger Helper Dinners, Chip*Os, Buc*Wheats and the children's cereals, Franken*Berry and Count Chocula. The rate of sales gain for FOODS AT HOME, at 16.2 per cent, was about double the compound annual increase of just under eight per cent for the preceding five years.

While immediate earnings benefits resulted from increased sales in international markets, domestic operating profit gains were slowed by planned heavy marketing investments in support of the new products program and by higher costs. FOODS AT HOME operating earnings grew 5.6 per cent overall while passing the $100,000,000 mark for the first time. The continuing momentum of new product acceptance, combined with savings that will result from consolidation of production in fewer plant locations, provides a sound basis for anticipating an early return to the higher levels of operating profit growth, which compounded at an annual rate of 11.2 per cent in the previous five years.

Cereals and Snacks

Sales of cereals and snacks gained 15.9 per cent and reached $392,000,000. Operating profits grew five per cent to $59,300,000.

Big G ready-to-eat cereals, benefiting from the highest new product volume in history, achieved record unit deliveries and enhanced their position in a market that, by company estimates, grew to over $750,000,000 in retail sales.

Buc*Wheats, a high-nutrition cereal that combines the natural flavor of buckwheat with a "snap of maple flavor," exceeded original goals for its first year in national distribution. Count Chocula and Franken*Berry, pre-sweetened chocolate and strawberry flavor cereals, also performed well ahead of expectations. During the year, Big G cereals became the first entire line in the ready-to-eat cereal industry to be fortified with increased vitamins and iron.

Efforts to sustain the favorable trend of Big G breakfast products are continuing. Baron Von Redberry and Sir Grapefellow, pre-sweetened cereals with raspberry and grape flavor, entered national distribution in June, 1972. Crazy Cow, the first cereal to make its own chocolate or strawberry milk, expanded to a second test market.

To satisfy rising consumer demand for highly nutritious foods, the company has developed Breakfast Squares, a completely new non-cereal breakfast alternative. This product expanded distribution to include West Coast markets in addition to the original midwestern test markets entered in September, 1970.

In the summer of 1972, Big G cereals will begin an important public service project. In cooperation with the United States government, 50,000,000 children's cereal packages will offer a unique coloring book produced by the Bureau of Narcotics and Dangerous Drugs called *Katy's Coloring Book About Drugs and Health*, designed to implant proper respect for drugs and medicines in the minds of young children. In appreciation, President Richard M. Nixon has written a personal letter to Chairman McFarland commending the company for its participation.

FOODS AWAY FROM HOME. As people eat an increasing percentage of their meals outside the home, General Mills broadens its operations to include restaurants like this Red Lobster Inn while continuing its traditional role as a supplier of products for the baking and food service industries.

General Mills' snack operations, meeting the need for a growing variety of alternatives for between-meal eating, also prospered. Benefiting from the success of new products plus market share gains in each country, international snack operations recorded impressive progress for the second successive year. The Smiths Food Group (U.K.) made exceptional gains while returns from subsidiaries in Holland, France and Belgium improved. Results from a growing joint venture snack operation in Japan also helped.

Tom's Foods Ltd. saw its domestic operations grow on the strength of new products, the net addition of 125 truck routes and the placement of over 8,900 new vending machines. Tom's French Fries, the most successful new product in Tom's history following introduction in fiscal 1971, continued to enjoy favorable results, and a catsup flavored version of this item made

its debut as did several new confection and bakery items. Spear-n-Sip, a pouch soft drink with straw, appeared in test markets and showed favorable potential.

The Donruss Co., whose leading product continues to be Super Bubble Gum, successfully introduced a new novelty gum product (Cycles and Hot Bikes). Slim Jim meat snacks, produced by GoodMark, Inc., made sales gains with its new supermarket Handi-Pak line, now in regional distribution. Favorable reception of the new regional Andy Capp supermarket line of potato based snacks also was reported.

After several years in test markets, Chip*Os was expanded into the large and growing United States snack market. During the year, Chip*Os completed expansion into all domestic markets except the West Coast. Performance was in line with expectations. Big G boxed, shaped snacks benefited from the favorable reception accorded two new potato stick items, Crisp-i-Taters and Dipped Taters.

Mixes, Family Flour, Seafood, Other Consumer Foods

Sales gained 16.5 per cent to $393,800,000, or 29.9 per cent of the company's total. Operating profits of $42,700,000 represent 6.5 per cent growth. Largely responsible for the impressive sales gains for this product group are product innovations that are meeting increasing consumer preferences for foods that are readily prepared and consumed.

The successful Hamburger Helper Dinners, a line of five casserole products, provide both extra convenience and variety while helping consumers stretch their food dollars. When combined with one pound of hamburger, this tuned-to-the-times product enables the homemaker to prepare a tasty meal which will adequately serve a family of five. The introduction of Hamburger Helper Dinners and products of competitors has helped increase the overall market for dry casserole entrees by about one-third, to estimated annual retail sales exceeding $200,000,000. To the existing Hamburger Helper Dinner line, the company is adding a cheeseburger macaroni flavor.

Another line that generated increased sales by offering service and variety to convenience-oriented consumers was Gorton's frozen seafoods. Five new entrees joined the Gorton product family.

Betty Crocker dessert sales also benefited from emphasis on convenience and variety as they increased sales in line with the average annual growth of 10 per cent experienced during the preceding five years. Ready-to-spread frostings continued to grow at above-average rates to enhance the market position of the entire Betty Crocker frosting line. Snack size ready-to-serve puddings increased to seven items through the addition of three new flavors.

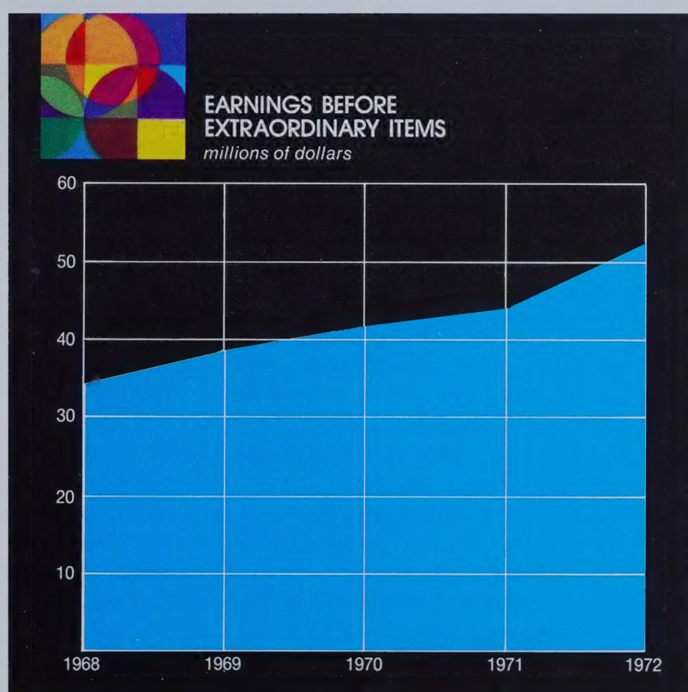
An important new addition is Betty Crocker's Snackin' Cake, an easy-to-prepare variety dessert which needs no frosting and is offered in three flavors. This product takes only two minutes from package to oven; only water and vinegar need be added to the mix.

Acquisition of Gay-Gem Products Corporation, marketers of a line of paper party favors, was completed in May, 1972. This addition broadens coverage of the party products specialty field.

General Mills' family flour brands — nationally distributed Gold Medal and such regional items as Red Band, La Pina and Sperry Drifted Snow—improved their leading position in a $250,000,000 retail flour market, which, however, continued its long-term annual tonnage decline at a three per cent rate.

Bisquick variety baking mix, in its 40th year, established a new volume record, and Betty Crocker Pie Crust and Muffin Mix sales advanced. The company maintained industry leadership in the processed potato market as Potato Buds and specialties achieved all-time sales highs. The specialty line was augmented by the national introduction of creamed potatoes and the test market entry of julienne potatoes. Jesse Jones' line of sausages and luncheon meats, distributed in Virginia and the Carolinas, enjoyed continued progress.

Initial efforts to expand consumer markets for several new textured vegetable protein products did not meet with success. Betty Crocker Saus*Os and Pepr*Os, companion products to the successful Bac*Os entry, as well as Betty Crocker Breakfast Links and Betty Crocker Breakfast Patties, were withdrawn from the



See page 24 for data on which this chart is based.

market. Despite such problems, General Mills continues to believe that the consumer textured vegetable protein market offers good long-term potential, in view of rising demand for protein and increased prices of many traditional meat sources. Research is continuing to develop new protein products which emphasize significant nutritional benefits and provide increased convenience.

Canadian grocery product operations completed a successful year with an improved market share in main product categories. Flour milling and package food sales in Mexico and other Latin American countries improved modestly.

FOODS AWAY FROM HOME

(Millions)	1972	1971	Change
Sales	**$195.3**	**$167.5**	**+16.6%**
Operating Profits	**$ 8.6**	**$ 4.5**	**+91.1%**

Currently, about 20 per cent of all meals in America are eaten away from home. General Mills successfully broadened its role in this growing market during fiscal 1972, and the direction of future expansion became clearer. Attainment of exceedingly challenging goals by Red Lobster Inns was largely responsible for the 16.6 per cent sales gain recorded by the company's FOODS AWAY FROM HOME activities. A greater earnings contribution from Red Lobster Inns and a reduction in restaurant test costs combined to produce operating profits that were nearly double last year's despite a decline by commercial foods and ingredients.

Commercial Foods and Ingredients

Sales grew 5.2 per cent to $162,000,000, but operating profits declined 21.8 per cent to $4,300,000. Largely responsible for the earnings decline were losses incurred by an unsuccessful food service venture, the now discontinued line of canned entrees.

At The Gorton Corporation, a severe shortage of raw materials inhibited the program of food service sales. Nonetheless, overall results were favorable. Shrimp operations in the Cameroons had a successful year and are being expanded; fish meal operations in Peru were again exceptionally good.

General Mills' established food service mix lines held steady, and such convenience items as canned puddings continued to grow. Development costs for Bontrae textured vegetable protein foods continued as the Cedar Rapids Bontrae plant operated at less than capacity. While Bontrae products were accepted for the Federal school lunch program, the institutional and industrial markets remain in a developmental stage. Overseas, however, Takeda Chemical Industries, Ltd., Osaka, Japan, was licensed to use General Mills' technology and know-how in the production of textured vegetable protein foods as evidence of increasing worldwide interest in new protein sources.

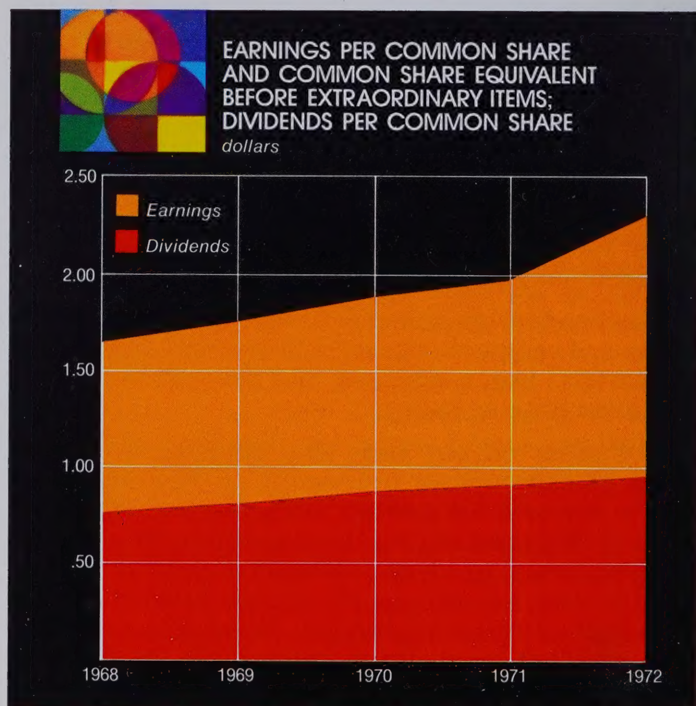
Bakery flour and grain merchandising operations were curtailed somewhat by an explosion at one of the company's South Chicago grain elevators on October 12, 1971, resulting in the tragic loss of four lives and causing the temporary closing of the facility. In Latin America, where bakers' flour is General Mills' most important product, results were mixed but in the aggregate improved over the previous year. Food ingredients achieved good sales growth, largely in established lines, but higher raw material costs offset sales gains.

Restaurant Activities

In just three years, General Mills' restaurant activities have advanced from a concept test stage until, today, they represent a major new source of earnings and growth. Sales for this group increased nearly $20,000,000 to $33,300,000; operating results improved $5,300,000 — from a loss of $1,000,000 to a profit of $4,300,000, contributing greatly to the total gains of foods away from home operations.

This dramatic improvement was primarily the result of growing sales and earnings from existing Red Lobster units and the successful addition of 20 units. At the end of the year, 42 locations were open in Florida, Alabama, Georgia and Tennessee. Nine additional units were in various stages of construction in Kansas, Illinois, Indiana, Kentucky, Missouri and Tennessee. Approximately 65 company-owned units are expected to be operating by May, 1973.

The company is concentrating efforts in the limited menu, sit-down restaurant category. Red Lobster Inns,



See page 24 for data on which this chart is based.

offering a full menu of seafood specialties and limited additional choices at modest family prices, have proved to be as popular with away-from-home diners in newer locations as with patrons of the original Florida restaurants. To provide a focal point for restaurant operations, the Betty Crocker Tree House test venture was merged into Red Lobster's organization on June 1, 1972. Additional strength was provided by the acquisition of E. H. Thompson Company, designer and distributor of restaurant equipment, which will enhance Red Lobster's expansion capabilities.

The six Betty Crocker Pie Shops in the Minneapolis-St. Paul and Hartford, Conn., areas noted improved test results during the year. These units feature a broad line of freshly baked quality pies as well as ice cream specialties and sandwiches, soups and salads.

CONSUMER NON-FOODS (FUN AND FASHION)

	(Millions) 1972	1971	Change
Sales	$288.3	$237.8	+21.2%
Operating Profits	$ 24.8	$ 17.7	+40.1%

General Mills' sphere of service through fun and fashion is expected to benefit significantly from growth in leisure living and recreation, resulting in large part from the forecast rise in disposable income. In fiscal 1972, upward trends were already discernible as the economy slowly regained momentum and America's retailers started ringing up increased sales for consumer non-durables. All CONSUMER NON-FOODS activities participated in this upsurge as they combined for over $50,000,000 of sales gains. A substantial turnaround in the earnings of craft, game and toy operations — which more than quadrupled earnings — joined the fast-growing fashion and direct marketing activities to generate a 40.1 per cent gain in operating profits.

Crafts, Games and Toys

Craft, game and toy sales of $148,000,000 represent growth of 16.9 per cent and operating profits of $6,100,000, a gain of $4,700,000 over results of fiscal 1971. This recovery is very significant, particularly against the background of the industry's toy season.

The earnings turnabout was made possible by improved operational effectiveness at Kenner Products, significant gains by the board game line of Parker Brothers, growth from staples like Play-Doh and Craft Master products and continued strong growth in international toy businesses. Only the operations at Model Products/Lionel provided a major disappointment. While the Lionel model train line received extremely favorable trade and consumer acceptance, manufacturing problems resulted in substantial over-standard production costs.

FUN AND FASHION. With crafts, games, toys, apparel for men and women, jewelry, recreational clothing and equipment, hobby craft materials and other non-food products, General Mills serves consumers at home and away.

Prospects are excellent for another increase in earnings during fiscal 1973. The economy is much stronger than last year, and customers have reduced their backlog of inventory. All domestic General Mills subsidiaries recorded substantial increases in orders written at the 1972 Toy Fair in New York. Among the well-received items were Kenner's two new dolls, Gabbigale (recording/talking doll) and Blythe (a fashion doll) and a "Snoopy" battery-powered toothbrush. Parker Brothers' new offerings include Landslide (a political auction game), Dealer's Choice (a used car trading game) and an addition to the successful line of Nerf products, a football. The Lionel train line was enhanced by the addition of two new sets.

International toy and game operations, which were particularly strong last year, have grown in significance. The Palitoy and Denys Fisher operations in England, the Miro subsidiary in France, Toltoys in Australia and Canadian subsidiaries reported significantly favorable results. All of the international subsidiaries have strong new lines and recorded substantial order increases in their respective national toy fairs.

Fashion and Direct Marketing

Continuing favorable gains for fashion and mail-order activities, along with a strong impetus from new retail outlets in direct marketing, caused sales for this group to gain 26.2 per cent to $140,300,000. Operating profits of $18,700,000 grew 14.7 per cent.

Monet, the leader in fashion jewelry, grew impressively during the year as a result of continuing strong demand for its established product lines and excellent acceptance of additions to its highly successful line of pierced earrings. The addition of beautifully styled white enamel and silver colored items to the pierced earring line plus the strength of other areas required another addition to production facilities, this time in Pawtucket, R.I., the third significant capacity expansion at Monet in the three and one-half years since the company joined General Mills.

Adding to the developments at Monet was the opening of new showrooms in New York City. Acclaimed by many as one of the most attractively designed in the fashion industry, these better located and superior functioning showrooms will give Monet the needed selling and administrative offices to continue its growth.

Excitement at David Crystal continued with fresh, new feminine styling in dresses and the creation of a new "put together" concept in David Crystal suits. Izod men's sportswear continued to grow on the strength of expanding its slack and sportcoat lines. In addition to a strong line of doubleknit products, the company is now ambitiously adding products of woven fabric, thus providing a highly balanced and more broadly appealing line. Haymaker, the women's sportswear line, generated impressive gains. Always important to golfing women, Haymaker is enjoying additional growth as a result of the rapidly expanding interest in tennis and tennis apparel. Crystal Sunflower children's wear progressed during the year. The line has been broadened to include children's sportswear coordinates with the Izod j.g. label promoted more heavily than in the past.

Alligator fashion coat lines continue to grow. Additional management and broader distribution have established a base and positioned the company for further progress.

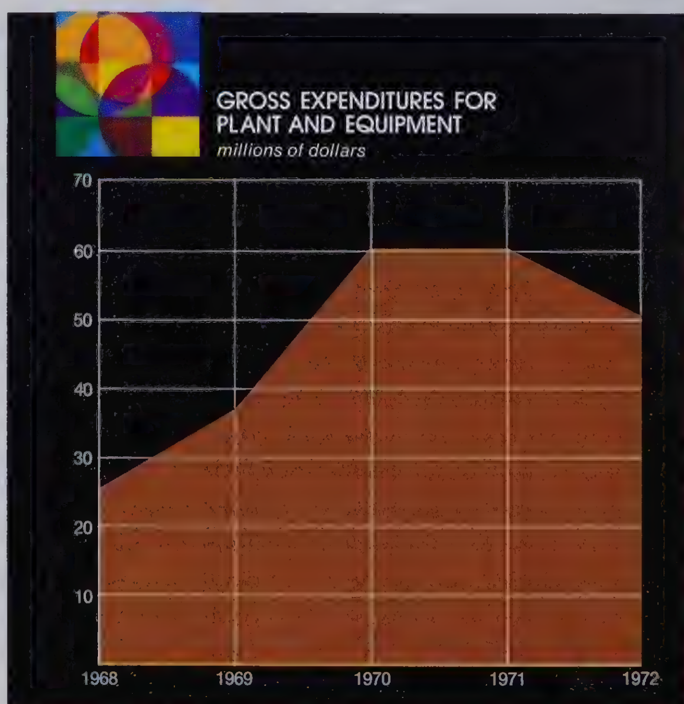
Results of The Silna Corporation's quality doubleknit manufacturing operations were approximately the same as in the previous year, which was particularly gratifying in view of severe industry-wide conditions.

The company's direct marketing operations continued to show fine growth. Consisting of the mail-order, retail and manufacturing operations of LeeWards hobby craft, art needlework, fabric and home sewing lines and Eddie Bauer's outdoor recreational clothing and equipment products, direct marketing operations ended the year with facilities in 17 locations in 12 states. Through these facilities, consumers can purchase products through 22,000,000 catalogs and 350,000 square feet of retail space that make up its 14 retail locations.

LeeWards continued an accelerated growth pattern as market trends remained strong. Catalog operations reached record levels. Retail operations grew to 13 supermarket-size, high-volume locations with new openings in Cleveland, Detroit, Milwaukee, Kansas City, St. Louis, Dallas, Santa Clara and Huntington Beach, Calif., and Clearwater, Fla. Seven additional locations will be opened in the first half of fiscal 1973, and others are planned for later in the year. To support this growth, substantial improvements took place in packaging, data processing, manufacturing and distribution operations.

Eddie Bauer continued a high rate of growth. A broad range of new products was offered in outdoor apparel, back-packing equipment, trail foods and fishing tackle. To support this rapid expansion, manufacturing and receiving space was added to the Wetumpka, Ala., plant. Eddie Bauer's second retail store was opened in June, 1972, in downtown San Francisco, and a third location in downtown Minneapolis will open in the fall.

General Mills entered a new consumer service test area during the year by acquiring a 50 per cent interest in Travelworld, Inc., a Los Angeles based travel firm specializing in group tours in the Orient, South Pacific, Africa and South America. Two small pilot ventures exploring opportunities in personal service and home sewing continued in the test stage. The first, COUNTER-WEIGHT, a personalized and computerized weight control program, expanded from one to three markets. The other venture seeks to determine commercial opportunities for a time-saving sewing aid named THE JOINER, a fabric bonding film.



See page 25 for data on which this chart is based.

SPECIALTY CHEMICALS

	1972	1971	Change
	(Millions)		
Sales	**$ 46.9**	**$ 38.5**	**+21.8%**
Operating Profits	**$ 5.1**	**$ 3.1**	**+64.5%**

General Mills' specialty chemical businesses benefited from a stronger domestic economy and substantially improved results in international operations. These added up to impressive gains in both sales and earnings during fiscal 1972.

The fine chemicals operation achieved record results due in part to an increased recognition of the importance of vitamin E to human and animal well-being. Major increases were recorded by MILVEX resins, guar derivatives and LIX reagents in the industrial chemical area. O-CEL-O sponge operations also experienced much improved results.

Acquisition of Nutralgum S.p.A. of Milano, Italy, a manufacturer of guar and locust bean gums, was an important move. It, together with similar operations in England, Pakistan and the United States, and a growing worldwide sales organization, has strengthened the position of General Mills Chemicals, Inc., in the water soluble polymer area. The need to recover metals from low-grade ore, as well as interest in anti-pollution technology, has created an increasing demand throughout the world for an expanding line of LIX reagents.

NEW MANAGEMENT ASSIGNMENTS

Significant changes in the management structure since publication of the 1971 annual report include the election of J. Wilbur Feighner and Eugene E. Woolley as Executive Vice Presidents of General Mills. Besides retaining responsibility for domestic operations of Tom's Foods Ltd., of which he is Chairman, and The Donruss Co., Feighner assumed responsibility for GoodMark, Inc. All of these activities formerly reported to Burton W. Roberts, an Executive Vice President and member of the Board of Directors, who retired on October 1 after 34 years of service to the company.

During fiscal 1972, James J. Feeney, Vice President, became Manager of Bakery Flour and Food Service Operations in the Sperry Division. Carson J. Morris, Vice President and General Manager of the Food Service and Protein Products Division, left the company. Gordon L. Wogsland became Managing Director, Far Eastern Operations.

In subsidiary companies, Stewart Lyman became President of The Donruss Co., succeeding Donald B. Wiener. Bernard Loomis was named President of Kenner Products, succeeding Robert L. Steiner, who retired. Ted C. Betker was named President of the merged Craft Master/Model Products/Lionel operations.

Following the conclusion of fiscal 1972, Craig A. Nalen, Vice President and General Manager of the Craft, Game and Toy Division, resigned to pursue other business opportunities. M. J. Ferreira resigned as Vice President and Chairman of General Mills (U.K.-Europe). Robert K. Swanson, Vice President, assumed the duties of Deputy Chairman and Chief Executive Officer of The Smiths Food Group in the United Kingdom and was named joint Managing Director of General Mills (U.K.-Europe). George Gaines, Vice President, became joint Managing Director of General Mills (U.K.-Europe).

SPECIALTY CHEMICALS. General Mills chemicals, ranging from highly refined ingredients for foods and pharmaceuticals to an extensive line of products for industry, represent a sphere of service essential to a growing world economy.

ADVERTISING, CAPITAL AND RESEARCH INVESTMENTS

To help the company capitalize on the opportunities presented by a multitude of new products and expanded retail operations and to retain sales momentum in all lines, General Mills and its subsidiaries increased media advertising investments to $63,300,000. Expenditures increased 17.2 per cent over the previous year, approximately paralleling sales gains.

Support of the company's retail strategy, through expansion of Red Lobster Inn restaurants and LeeWards and Eddie Bauer stores, represented the single biggest portion of gross capital expenditures of $51,000,000.

As substantial unit volume gains were recorded by products developed by General Mills' scientists, the company stepped up its research expenditures to help assure a continuing flow of exciting new product con-

cepts and technologies. Research expenditures increased to $17,400,000 in fiscal 1972.

FINANCIAL

Cash flow generated by operations provided the wherewithal for the company's permanent capital requirements during the year. Seasonal working capital needs were obtained through the commercial paper market. The strong cash flow and marked improvement in working capital turnover permitted $13,000,000 to be invested in short-term securities at year-end compared to domestic commercial paper borrowings of approximately $10,000,000 at the end of fiscal 1971.

The major realignments of foreign currencies vis-à-vis the dollar did not have a material effect on earnings. The company's policy is to maintain a balanced position in foreign exchange. During the year, General Mills issued nominal amounts of Euro-commercial paper to determine the viability of this financing vehicle abroad. Acceptance was excellent.

INDUSTRIAL RELATIONS

Fiscal 1972 was characterized by a continuation of good relationships between General Mills and the 28 international unions representing its employees, despite a heavy schedule of contract negotiations, the uncertainties created by the imposition of federal pay controls and the many problems involved in coping with the newly enacted Occupational Safety and Health Act. More than 30 contracts were negotiated without strike and on bases which preserved the company's competitive position. As the year ended, negotiations were continuing on the Master Agreement between the company and the American Federation of Grain Millers, covering fringe benefits for employees at 20 locations.

During the year, training of management personnel in improved safety and health procedures and in compliance with federal and state safety and health regulations received considerable emphasis. Training of supervisors in labor contract administration and effective human relations continued to have high priority.

See page 25 for data on which this chart is based.

BETTY CROCKER SERVICES

New Betty Crocker publications moved into new service spheres in fiscal 1972. *Betty Crocker's How to Feed Your Family to Keep Them Fit and Happy — No Matter What* and *Betty Crocker's All-Time Favorites* contributed to sales of 2,100,000 copies of the 18 titles in the Betty Crocker Cookbook library. *Betty Crocker's Kitchen Gardens, Pleasures of Crewel, Good and Easy Sewing Book and Pleasures of Needlepoint* provided new service in other homemaking fields. Furthermore, the *Betty Crocker Recipe Card Library,* promoted through advertising and direct mail, now has over 300,000 subscribers.

SPHERE — The Betty Crocker Magazine, now with approximately 500,000 subscribers, made its debut on a bi-monthly basis during fiscal 1972. Published by Vertical Marketing, Inc., of Chicago, the magazine will be issued on a monthly basis starting in fall, 1972. The *Betty Crocker Mail Boutique,* a shop-by-mail service for Betty Crocker coupon plan customers, became operational. Coupon plan customers redeemed a record 450,000,000 coupon values during the year.

SERVICE TO SOCIETY

Service to society is another sphere of expanding importance in today's changing world. During fiscal 1972, General Mills sought to fulfill in increased measure its responsibilities as a corporate citizen.

Contributions to the General Mills Foundation, gifts by the company and subsidiaries and costs of direct programs for worthwhile causes totaled $1,857,000, an increase of $550,000 over the previous year.

In its 18th year, the Betty Crocker Search for the American Homemaker of Tomorrow enrolled a record number of 650,200 high school senior girls. Since 1954, more than 8,300,000 young women have participated; 1,766 have earned scholarships totaling nearly two million dollars. During the school year 1972-73, the program will be open to boys as well as girls, helping schools prepare an increased number of young people for their future responsibilities in the nation's homes.

Beyond monetary grants and scholarships, General Mills and its subsidiaries are active with a wide range

SERVICE TO SOCIETY. In today's ever-changing world, enlightened corporate citizenship is an important added sphere of service for a successful company. "Bridges" sessions, where company people meet with student activists to discuss issues of the day, are among many programs which keep General Mills sensitive to public concerns and abreast of new ideas.

of socially oriented programs too numerous to list. Examples are the company's continuing participation in the National Alliance of Businessmen's summer jobs program for the disadvantaged; the Lincoln Learning Center, a school in Minneapolis for junior high school youth who have rejected conventional classroom teaching; a program to hire and train released convicts, helping them adjust to civilian life; Diversified Office Training and Vocation-Occupation Training Programs sponsored by the school system of Columbus, Ga., home of Tom's Foods Ltd.; and an Explorer Post of the Boy Scouts offering specialized training in data processing in The Gorton Corporation's headquarters city of Gloucester, Mass.

Through research that President Nixon's Special Assistant for Consumer Affairs called "technology with a conscience," the company's Craft, Game & Toy Division introduced NOTOX, a non-toxic glue for use in assembling model airplanes and other hobby products. NOTOX is considered a dramatic breakthrough in drug prevention because it may mark the end of glue sniffing, a particularly dangerous form of drug misuse.

Supplementing company and subsidiary efforts to better society is a long list of individual employees who, with company cooperation, devote time and talent to community and national social programs. Chairman James P. McFarland continues to serve on the President's National Business Council for Consumer Affairs as Chairman of the Packaging and Labeling Sub-Council. President James A. Summer is the newly elected Chairman of the Urban Coalition of Minneapolis, succeeding company Vice President William R. Humphrey, Jr., in that position. Senior Vice President Paul L. Parker headed the 1972 United Fund Campaign in the Minneapolis area. Many more employees serve in positions ranging from volunteer fireman to mayor.

Other General Mills people are on leave from the company for full-time public service. Included are Frank C. Kent, now Assistant Director for Human Rights of the Office of Economic Opportunity in Washington, D.C.; Gary G. Herzberg, serving as Special Assistant to the Commissioner of Corrections in Minnesota; Thomas L. Olson, a Hennepin County (Minn.) Commissioner; and Nathan Miller, serving as coordinator of the Urban Coalition of Minneapolis. During the year, others worked for varying periods with the National Alliance of Businessmen and a national campaign to stimulate black entrepreneurship.

Reflecting further emphasis on the company's sphere of service to society, General Mills has undertaken a corporate audit of performance in areas of social concern. Obviously, it is difficult to measure results in this field numerically. A considered effort will be made, however, to bring under periodic review all responsibilities of a primarily social nature which accrue to business as a member of society and which go beyond meeting the letter of the law or the pressures of competition and the public. The goal is maximum efficiency and effectiveness in efforts to strengthen the social fabric of the nation.

LEGAL MATTERS

On April 26, 1972, the Federal Trade Commission issued a complaint alleging that four companies (Kellogg Company, General Mills, Inc., General Foods Corporation and The Quaker Oats Co.) shared a monopoly of the dry cereal market. The Commission did not specify the relief it is seeking but suggested it ultimately may request divestiture of assets, licensing of brands or trademarks, prohibition of acquisitions and prohibition of specified anti-competitive practices. The Commission appears to be trying to establish new law with the unusual allegations in its complaint. All of the respondents have denied the allegations, and a prolonged and very expensive legal proceeding is in prospect.

The complaint issued by the Federal Trade Commission in February, 1971, seeking divestiture of The Gorton Corporation by General Mills is being strongly contested. Testimony before the Hearing Examiner is to be completed before September 1, 1972. The decision of the Examiner will probably be forthcoming early in 1973.

RESULTS OF OPERATIONS

GENERAL MILLS, INC., AND SUBSIDIARIES

	52 Weeks Ended May 28, 1972	52 Weeks Ended May 30, 1971
	(in thousands)	
SALES	$1,316,279	$1,120,052
COSTS:		
Costs of sales, exclusive of items shown below	821,552	696,482
Depreciation and amortization (Notes 3 and 4)	32,009	27,459
Interest expense	20,438	20,057
Contributions to employees' retirement plans (Note 11)	5,610	4,004
Profit sharing distribution	3,401	2,401
Selling, general and administrative expenses	329,689	280,983
TOTAL	1,212,699	1,031,386
EARNINGS BEFORE TAXES ON INCOME, extraordinary items and other items shown below	103,580	88,666
TAXES ON INCOME (Note 9)	(50,850)	(44,279)
OTHER ITEMS:		
Share in earnings of 50% owned companies	785	273
Minority interests in net earnings of consolidated subsidiaries	(1,358)	(804)
EARNINGS BEFORE EXTRAORDINARY ITEMS	52,157	43,856
EXTRAORDINARY ITEMS, NET OF INCOME TAXES (Note 8)	(6,760)	—
NET EARNINGS	$ 45,397	$ 43,856
EARNINGS PER COMMON SHARE AND COMMON SHARE EQUIVALENT:		
Earnings before extraordinary items	$ 2.33	$ 1.98
Extraordinary items	(.30)	—
Net earnings	$ 2.03	$ 1.98
Average number of common shares and common share equivalents	22,391	22,148

EARNINGS EMPLOYED IN THE BUSINESS

	52 Weeks Ended May 28, 1972	52 Weeks Ended May 30, 1971
	(in thousands)	
NET EARNINGS FOR THE YEAR	$ 45,397	$ 43,856
DIVIDENDS:		
$1.75 cumulative convertible preference stock	(2,295)	(2,532)
Common stock ($.96 per share, 1972 and $.90 per share, 1971)	(19,090)	(17,255)
TOTAL	(21,385)	(19,787)
NET EARNINGS IN EXCESS OF DIVIDENDS	24,012	24,069
Adjustments related to pooled companies	(1,314)	(187)
NET INCREASE IN RETAINED EARNINGS	22,698	23,882
RETAINED EARNINGS AT BEGINNING OF YEAR	226,216	202,334
RETAINED EARNINGS AT END OF YEAR (Note 5)	$ 248,914	$ 226,216

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

BALANCE SHEET

GENERAL MILLS, INC., AND SUBSIDIARIES

ASSETS

	May 28, 1972	May 30, 1971
	(in thousands)	
CURRENT ASSETS:		
Cash	$ 4,209	$ 4,647
Short-term marketable securities (at cost, approximates market value)	24,359	6,581
Receivables (less allowance for possible losses — 1972, $2,874,000; 1971, $2,475,000)	125,004	113,435
Inventories (Note 2)	176,973	153,743
Prepaid expenses	11,403	12,947
TOTAL	341,948	291,353
OTHER ASSETS:		
Land, buildings and equipment (Note 3)	318,597	305,999
Investments, instalment receivables and miscellaneous assets	37,342	35,760
Excess of cost over net assets of consolidated subsidiaries (Note 4)	97,927	89,548
Patents, copyrights, contracts and other intangibles, less amortization (Note 4)	21,976	27,337
TOTAL	475,842	458,644
TOTAL ASSETS	$817,790	$749,997

LIABILITIES and STOCKHOLDERS' EQUITY

	May 28, 1972	May 30, 1971
CURRENT LIABILITIES:		
Notes payable	$ 16,911	$ 20,399
Current portion of long-term debt	17,760	4,565
Accounts payable and accrued expenses	130,739	93,858
Accrued taxes	33,351	27,890
Thrift accounts of officers and employees	3,700	3,509
Dividends payable	546	624
TOTAL	203,007	150,845
LONG-TERM DEBT, RESERVES AND DEFERRED LIABILITIES:		
Long-term debt (Note 5)	230,609	252,433
Deferred Federal income taxes, net (Note 9)	713	1,197
Reserve for disposition losses	5,782	2,257
Other liabilities, reserves and deferred credits	6,414	6,199
TOTAL	243,518	262,086
TOTAL LIABILITIES	446,525	412,931
MINORITY INTERESTS	5,659	4,389
STOCKHOLDERS' EQUITY (Note 6):		
Preference stock (involuntary liquidation value $75,021,000, May 28, 1972)	3,953	4,507
Common stock	119,277	111,674
Retained earnings (Note 5)	248,914	226,216
Common stock in Treasury (deduct)	(6,538)	(9,720)
TOTAL STOCKHOLDERS' EQUITY	365,606	332,677
TOTAL LIABILITIES and STOCKHOLDERS' EQUITY	$817,790	$749,997

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

CHANGES IN FINANCIAL POSITION

GENERAL MILLS, INC., AND SUBSIDIARIES

	52 Weeks Ended			
	May 28, 1972		May 30, 1971	
WORKING CAPITAL PROVIDED BY:	*(in thousands)*			
Earnings before extraordinary items		$ 52,157		$ 43,856
Add non-cash items:				
Depreciation and amortization		32,009		27,459
Other (including deferred Federal income taxes)		2,445		4,868
Working capital provided from operations, exclusive of extraordinary items		86,611		76,183
Extraordinary items (loss)	$ (6,760)			
Less non-cash extraordinary items	9,633	2,873		—
Proceeds from long-term debt issued		2,824		133,381
Common stock issued		5,275		—
Sale of stock upon exercise of options		3,933		622
Decrease in investments		—		6,992
Other sources		4,042		2,738
TOTAL WORKING CAPITAL PROVIDED		105,558		219,916
WORKING CAPITAL USED FOR:				
Gross additions to plant and equipment	51,004		$ 60,397	
Less proceeds from sales	8,356		5,809	
Net additions to plant and equipment		42,648		54,588
Purchase price of businesses	15,438		16,561	
Less working capital acquired	1,130		1,713	
Balance		14,308		14,848
Consisting of—Fixed assets	1,811		5,073	
—Intangibles and miscellaneous assets	13,805		10,538	
—Long-term debt	(829)		(1,548)	
—Minority interest	(479)		785	
Cash dividends		21,385		19,787
Long-term debt paid or charged against working capital		26,115		119,815
Increase in investments		1,177		—
Other uses		1,492		5,434
TOTAL WORKING CAPITAL USED		107,125		214,472
NET INCREASE (DECREASE) IN WORKING CAPITAL		(1,567)		5,444
Consisting of—Cash and marketable securities	17,340		(2,901)	
—Receivables	11,569		13,837	
—Inventories	23,230		24,121	
—Payables	(52,162)		(31,279)	
—Other	(1,544)		1,666	
WORKING CAPITAL AT BEGINNING OF YEAR		140,508		135,064
WORKING CAPITAL AT END OF YEAR		$138,941		$140,508

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The company's financial statements are presented in accordance with generally accepted accounting principles. Several significant accounting policies are summarized below:

CONSOLIDATION

The consolidated financial statements include the results of operations and the account balances for the following domestic and foreign operations: (1) All parent company operations and 100 per cent owned subsidiaries; (2) All majority-owned subsidiaries; (3) General Mills' share of net earnings (losses) of 50 per cent owned companies; and (4) Dividends received from less than 50 per cent owned companies. The planned change to the "equity method" of accounting for 20%-49% owned companies, which will take place next year, will not have a material effect on earnings. The fiscal years of foreign subsidiaries generally end during April.

FOREIGN EXCHANGE

Assets and liabilities of foreign operations are translated to U.S. dollars at the approximate year-end rates of exchange except for land, buildings and equipment accounts, which are translated at the approximate rates of exchange at dates of acquisition. Operating accounts, except depreciation expense, are translated at approximate average exchange rates for the respective years. Losses and gains resulting from such translations were not material and have been reflected in net earnings.

EARNINGS PER SHARE

The average number of common shares outstanding plus common share equivalents are included in determining "earnings per common share and common share equivalent." Common share equivalents represent common shares which may be issued for various reasons in the future. For General Mills, these include: (1) Shares to be issued as a result of possible conversion of preference stock; (2) Shares for certain stock options; (3) Treasury shares purchased for issuance under a profit sharing plan; and (4) Shares for stockholders of certain acquired companies earned through profit performance contracts.

DEPRECIATION

A portion of the cost of buildings and equipment is charged against earnings each year as depreciation expense. This amount is computed by the straight-line method, which means that approximately equal amounts of depreciation expense are charged against operations each year during the useful life of an item. For tax purposes, accelerated methods of depreciation are used which provide more depreciation expense in the early years than in the later years of the life of the property. The related tax effect for accelerated depreciation is recorded in the "deferred Federal income taxes" account.

AMORTIZATION OF INTANGIBLES

Earnings are charged with the year-by-year reduction in value resulting from the expiration of patents, copyrights and contracts, usually acquired through the purchase of businesses.

In accordance with Accounting Principles Board Opinion 17, "excess of cost over net assets of consolidated subsidiaries" acquired after October, 1970, is amortized over not more than 40 years. "Excess of cost over net assets of consolidated subsidiaries" is the difference between purchase prices and the values ascribed to assets of businesses acquired and accounted for under the purchase method of accounting. Annually, the Audit Committee reviews these intangibles ("Excess costs"), and balances are reduced if values have diminished.

INVENTORY PRICING

Inventories are generally stated at the cost of the most recently purchased materials (FIFO), reduced to market when lower. Certain items are valued at market or cost (see Note 2).

RESEARCH AND DEVELOPMENT

Expenditures for research and development are charged against earnings in the year spent.

INCOME TAXES

Deferred income taxes result from differences between income for financial reporting purposes and income tax purposes and are due to deferred compensation, accelerated depreciation, provisions for dispositions of certain operations and write-off of "excess of cost over net assets of consolidated subsidiaries."

Investment credit is accounted for by using the "flow-through" method; the provision for income taxes is reduced by the entire amount of credit earned during the year.

NOTES to Consolidated Financial Statements

1. ACQUISITIONS

The company made the following acquisitions during the year:

	Ownership	Date Acquired	Product or Major Product Group
Nutralgum S.p.A.	100%	August, 1971	Specialty Chemicals
E. H. Thompson Company	80%	December, 1971	Restaurant Activities
Travelworld, Inc.	50%	April, 1972	Travel Services
International Seafoods, Inc.	80%	May, 1972	Restaurant Activities
Gay-Gem Products Corporation	85%	May, 1972	Party Favors

The above combinations were accomplished by issuance of 130,390 shares of common stock.

All of the above acquisitions were accounted for as purchases except Nutralgum, which was a pooling of interests. Prior years' financial statements were not restated for Nutralgum, as the amounts involved are not material.

The company has options to acquire the remaining interests of the above companies at prices based on their earnings.

In addition, $10,516,000 cash and 10,590 shares were invested for increased ownership in other partially owned companies and for payments under performance earnings agreements relating to companies acquired in prior years.

Sales, costs and earnings of businesses accounted for as purchases are included in the results of operations from the dates of acquisition except as noted below. Travelworld, International Seafoods and Gay-Gem were acquired near the end of the fiscal year and their earnings, since acquisition, were not included in the consolidated earnings of General Mills.

Results of operations for acquired companies were not material.

2. INVENTORIES

	May 28, 1972	May 30, 1971
Finished products and ingredients, at lower of cost or market	$148,775,000	$125,603,000
Grain for processing and flour at market, after appropriate adjustments for open cash trades, unfilled orders, etc.	14,072,000	14,225,000
Containers, supplies, etc. at cost	11,497,000	11,480,000
	174,344,000	151,308,000
Advances on grain and other commodities	2,629,000	2,435,000
	$176,973,000	$153,743,000

3. LAND, BUILDINGS AND EQUIPMENT

	May 28, 1972	May 30, 1971
Buildings	$172,631,000	$159,638,000
Equipment	298,087,000	269,357,000
Construction in progress	24,081,000	31,313,000
Accumulated depreciation	(182,826,000)	(164,195,000)
Depreciated cost of buildings and equipment	311,973,000	296,113,000
Land	19,761,000	19,015,000
	331,734,000	315,128,000
Provision for losses on disposition of facilities	(13,137,000)	(9,129,000)
Net value	$318,597,000	$305,999,000

Land, buildings and equipment are stated substantially at cost. Depreciation expense, provided for the most part by the straight-line method, amounted to $28,919,000 in 1972 and $24,759,000 in 1971.

4. INTANGIBLE ASSETS

At its meeting on May 22, 1972, the Board of Directors confirmed that the amounts comprising the "excess of cost over net assets of consolidated subsidiaries" have continuing value. As described in the "Summary of Significant Accounting Policies," these intangibles have been amortized to the extent of amounts applying to acquisitions initiated after October, 1970. This amortization and amortization of patents, copyrights, contracts and other intangibles, which have limited lives, amounted to $3,090,000 in 1972 and $2,700,000 in 1971.

5. LONG-TERM DEBT

	May 28, 1972	May 30, 1971
Three 20-year 3½% promissory notes of $5,000,000 each, due August 1, 1972, May 1, 1974, and May 1, 1975	$ 15,000,000	$ 15,000,000
Three 25-year 4¼% promissory notes of $10,000,000 each, due May 1, 1982, May 1, 1983, and May 1, 1984	30,000,000	30,000,000
4⅝% sinking fund debentures, due August 1, 1990	30,145,000	30,700,000
8⅞% sinking fund debentures, due October 15, 1995	100,000,000	100,000,000
Tom's Foods Ltd., 6¼% Guaranteed Debenture Stock, due March 31, 1988	6,152,000	6,113,000
General Mills Finance N.V., 7% Guaranteed Eurodollar Debentures, due November 1, 1980	16,910,000	17,515,000
General Mills Finance N.V., 8% Guaranteed Eurodollar Debentures, due March 1, 1986	20,000,000	20,000,000
General Mills Finance N.V., 7½% foreign currency term loan, due July 20, 1972	10,360,000	9,784,000
Other Eurodollar and foreign currency term loans, 5¾% to 6⅛%, due through 1973	—	7,800,000
Miscellaneous debt	19,802,000	20,086,000
	248,369,000	256,998,000
Less current portion of long-term debt	17,760,000	4,565,000
	$230,609,000	$252,433,000

The sinking fund and principal payments on long-term debt are $17,760,000, $11,585,000, $8,983,000, $3,732,000 and $8,781,000 in fiscal years ending in 1973, 1974, 1975, 1976 and 1977, respectively.

The terms of the promissory note agreements place restrictions on the payment of dividends and capital stock purchases and redemptions. At May 28, 1972, $127,729,000 of retained earnings was free of such restrictions.

6. CHANGES IN CAPITAL STOCK

The following table describes the changes in capital stock during fiscal 1972 *(dollars in thousands):*

	Common Stock Class B ($3 Par Value no-div.)	Cumulative Preference Stock*		Common Stock			
				$1.50 Par Value		In Treasury	
		Shares	Value	Shares	Value	Shares	Value
Balance at May 30, 1971	—	1,425,503	$4,507	19,952,589	$111,674	342,683	$ 9,720
Conversion of preference stock		(175,149)	(554)	297,752	554		
Sale of stock under option plans				136,777	3,933		
Stock issued — profit sharing plan and contest awards						(12,658)	(337)
Stock issued — acquisitions				41,870	3,139	(99,110)	(2,845)
Other				—	(23)		
Balance at May 28, 1972	—	1,250,354	$3,953	20,428,988	$119,277	230,915	$ 6,538
Authorized shares at May 28, 1972	1,000,000	5,000,000		30,000,000			

*$1.75 cumulative convertible preference stock (no par value, voting). The preference stock outstanding is convertible into common stock at the option of the holder at a rate of 1.7 shares of common stock for each share of preference stock and is subject to anti-dilution provisions. This preference stock is callable at the option of the company. It is currently callable at $65 per share and after August 26, 1972, at a price of $64 per share, declining at the rate of $1.00 per share each August 26 until 1976, when it becomes callable at $60 per share. In the event of involuntary liquidation, the holder of these preference shares shall receive $60 per share, plus accrued dividends. Holders of shares of such preference stock are entitled to .85 of a vote per share.

Common shares reserved for:	Common Shares	
	May 28, 1972	May 30, 1971
Stock options outstanding	568,628	623,571
Stock options available for grant	345,916	438,250
Conversion of preference stock	2,125,602	2,423,355
Stockholders of certain acquired companies	237,530	279,655

7. STOCK OPTIONS

In 1970 the shareholders of General Mills, Inc., approved a Stock Option Plan under which options for the purchase of 600,000 shares, in the aggregate, of the company's common stock may be granted to officers and key employees, to August 31, 1975. Options are also outstanding under stock option plans which have expired and under which no further options may be granted. The options, under the 1970 plan, are to be granted subject to approval of a committee of the Board of Directors and at a price of not less than 100% of fair market value on the date an option is granted. All plans provide for termination of options at either five or 10 years after date of grant with certain exceptions due to death, disability or retirement. Information on stock option transactions during the year is shown in the table below.

	Shares	Option Price per share
Granted	94,750	$34.75-$50.44
Became exercisable	169,066	16.67- 40.75
Exercised	136,777	15.25- 40.75
Expired	12,916	27.91- 38.75
Outstanding at end of year to 378 officers and employees	568,628	16.67- 50.44

8. EXTRAORDINARY ITEMS

During 1971-72, the company incurred the following extraordinary charges (credits):

Consolidation of certain food manufacturing facilities and the sale of equipment due to a discontinued product line (less income taxes of $7,951,000)	$9,117,000
Write-off of intangible asset related to a supply contract (less income taxes of $982,000)	1,720,000
Return of excess reserves, from certain discontinued operations of prior years, that are no longer needed (less income taxes of $4,922,000)	(4,536,000)
Other items including sale of non-productive land and disposition of discontinued restaurant operations (less income taxes of $788,000)	459,000
Total extraordinary items (less income taxes of $4,799,000)	$6,760,000

9. TAXES ON INCOME

A provision of $776,000 ($1,504,000 in 1971) has been charged to the current year's operations for deferred Federal income taxes. The investment credit for 1972, $1,179,000 ($255,000 in 1971) was credited to the provision for income tax expense for the year.

10. LEASES

The company and its subsidiaries have a variety of lease commitments, longer than one year in duration, for which annual net rentals will total approximately $7,900,000 in fiscal 1973; $7,200,000 in 1974; $6,400,000 in 1975; $6,100,000 in 1976; and $5,600,000 in 1977. The leases expire on various dates with only a few significant leases expiring as late as 1997. Certain leases require payment of property taxes, insurance and maintenance costs in addition to the rental payments.

11. OTHER MATTERS

The company and many of its subsidiaries have pension plans covering a large number of their employees, including certain employees in foreign countries. The companies' policy is to fund pension costs accrued. The pension expense for the year was $5,610,000 ($4,004,000 in 1971) which includes interest on prior service costs and in the case of certain plans amortization of prior service costs over periods ranging up to 40 years. Based on actuarial determinations, the plans are substantially fully funded with respect to all vested benefits.

Authorizations at May 28, 1972, for unexpended appropriations for property additions and improvements amounted to approximately $25,000,000. In addition, there are certain options outstanding to purchase the remaining minority interests of certain part-owned companies which could have a maximum cost to the company of $11,700,000 plus 388,000 shares of common stock.

There was no litigation pending at May 28, 1972, not provided for in the accounts, which, in the opinion of management, would have a significant effect on the financial position of the company and its subsidiaries.

On February 16, 1971, the Federal Trade Commission (FTC) issued a complaint charging that the acquisition, by General Mills, Inc., of The Gorton Corporation was a violation of the Clayton Act and the Commission is seeking divestiture of the business and assets of Gorton. It is the position of General Mills, Inc., that the acquisition is not in violation of any law, and the matter is being vigorously defended. The FTC has initiated action by the issuance of a complaint against certain companies in the cereal industry, including General Mills, stating that an illegal oligopoly exists. It is the position of the company that there has been no violation of the law, and the charge will be contested before the Commission and, if necessary, in the courts.

ACCOUNTANTS' REPORT

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
MIDWEST PLAZA BUILDING
MINNEAPOLIS, MINNESOTA 55402

The Stockholders and the Board of Directors
General Mills, Inc.:

July 21, 1972

We have examined the balance sheet of General Mills, Inc. and subsidiaries as of May 28, 1972 and the related statements of results of operations, earnings employed in the business and changes in financial position for the 52 weeks then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the financial position of General Mills, Inc. and subsidiaries at May 28, 1972 and the results of their operations and changes in their financial position for the 52 weeks then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

SALES

BY MAJOR PRODUCT GROUP *(in millions)*

	Fiscal Year									
	1972		1971		1970		1969		1968	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Cereals and Snacks	$ 392.0	29.8	$ 338.2	30.2	$ 333.1	32.2	$309.1	33.3	$238.7	30.5
Mixes, Family Flour, Seafoods, Other	393.8	29.9	338.1	30.2	314.3	30.4	290.5	31.2	280.0	35.8
FOODS AT HOME	785.8	59.7	676.3	60.4	647.4	62.6	599.6	64.5	518.7	66.3
Commercial Foods and Ingredients	162.0	12.3	154.0	13.7	154.7	15.0	147.7	15.9	142.3	18.2
Restaurant Activities	33.3	2.5	13.5	1.2	5.2	.5	.8	.1	.2	.0
FOODS AWAY FROM HOME	195.3	14.8	167.5	14.9	159.9	15.5	148.5	16.0	142.5	18.2
TOTAL FOODS	981.1	74.5	843.8	75.3	807.3	78.1	748.1	80.5	661.2	84.5
Crafts, Games and Toys	148.0	11.2	126.6	11.3	104.1	10.1	91.7	9.9	51.5	6.6
Fashions and Direct Marketing	140.3	10.7	111.2	9.9	85.9	8.3	50.7	5.4	33.4	4.2
CONSUMER NON-FOODS	288.3	21.9	237.8	21.2	190.0	18.4	142.4	15.3	84.9	10.8
SPECIALTY CHEMICALS	46.9	3.6	38.5	3.5	36.3	3.5	38.6	4.2	36.5	4.7
TOTAL SALES	$1,316.3	100.0	$1,120.1	100.0	$1,033.6	100.0	$929.1	100.0	$782.6	100.0

EARNINGS

BY MAJOR PRODUCT GROUP *(in millions)*

	Fiscal Year									
	1972		1971		1970		1969		1968	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Cereals and Snacks	$ 59.3	42.2	$ 56.5	46.3	$ 53.2	45.2	$ 43.3	41.5	$ 38.4	43.5
Mixes, Family Flour, Seafoods, Other	42.7	30.4	40.1	32.9	35.2	29.9	34.6	33.2	32.6	36.9
FOODS AT HOME	102.0	72.6	96.6	79.2	88.4	75.1	77.9	74.7	71.0	80.4
Commercial Foods and Ingredients	4.3	3.0	5.5	4.5	6.8	5.8	8.5	8.2	7.5	8.5
Restaurant Activities	4.3	3.1	(1.0)	(.8)	(2.0)	(1.7)	(.3)	(.3)	.0	.0
FOODS AWAY FROM HOME	8.6	6.1	4.5	3.7	4.8	4.1	8.2	7.9	7.5	8.5
TOTAL FOODS	110.6	78.7	101.1	82.9	93.2	79.2	86.1	82.6	78.5	88.9
Crafts, Games and Toys	6.1	4.4	1.4	1.1	7.5	6.4	10.0	9.6	5.3	6.0
Fashions and Direct Marketing	18.7	13.3	16.3	13.4	13.9	11.8	5.9	5.7	3.2	3.6
CONSUMER NON-FOODS	24.8	17.7	17.7	14.5	21.4	18.2	15.9	15.3	8.5	9.6
SPECIALTY CHEMICALS	5.1	3.6	3.1	2.6	3.1	2.6	2.2	2.1	1.3	1.5
TOTAL OPERATING PROFITS	140.5	100.0	121.9	100.0	117.7	100.0	104.2	100.0	88.3	100.0
Unallocated corporate expenses, exclusive of items shown below	(13.1)		(10.8)		(10.6)		(8.3)		(8.2)	
Interest expense	(20.4)		(20.0)		(17.6)		(12.8)		(8.0)	
Profit sharing distribution	(3.4)		(2.4)		(2.5)		(2.6)		(2.3)	
TOTAL EARNINGS BEFORE TAXES	$103.6		$ 88.7		$ 87.0		$ 80.5		$ 69.8	

Operating profits reported above indicate the relative contributions of General Mills' diversified operations to total earnings. They are not necessarily comparable to similar data from other companies since accounting procedures vary.

Variations between the sales and operating profits shown in these tables for any given year and the figures for that year in preceding annual reports are due principally to restatements and minor adjustments in the classification of certain products or expenses.

TEN YEARS IN REVIEW

GENERAL MILLS, INC., AND SUBSIDIARIES

Before Restatements for Poolings of Interests

	52 Weeks Ended		53 Weeks En
	May 28 1972	May 30 1971	May 31 1970
Sales	$1,316.3	1,120.1	1,021.7
Earnings before extraordinary items	$ 52.2	43.9	40.6
Net earnings	$ 45.4	43.9	27.1
Dividends—common stock	$ 19.1	17.3	16.4
—preferred and preference stock	$ 2.3	2.5	2.6
Earnings before extraordinary items in excess of dividends	$ 30.8	24.1	21.6
Per common share and common share equivalent (in dollars)*			
Earnings before extraordinary items	$ 2.33	1.98	1.88
Net earnings	$ 2.03	1.98	1.25
Dividends per share	$ .96	.90	.88
Common shares outstanding at year-end*	20,429	19,953	18,952
Preferred shares outstanding at year-end	—	—	—
Preference shares outstanding at year-end	1,250	1,426	1,487
Number of stockholders	31,000	32,600	32,900
Market price range (in dollars)			
—common stock*	$ 52¼-33⅜	36¼-24⅝	39¼-23⅝
—preference stock	$ 88-57	61½-42	65½-41

*Adjusted for two-for-one split in August, 1967. Per share data for 1965 through 1972 is based on the average common shares and common share equivalents outstanding during the year.

FIVE YEARS IN REVIEW

Restated for Poolings of Interests†

dollar amounts, except per share, in millions

	Fiscal Year				
	1972	1971	1970	1969	1968
Sales	$1,316.3	1,120.1	1,033.6	929.1	782.6
Income taxes	$ 50.9	44.3	45.2	41.4	35.0
Earnings before extraordinary items	$ 52.2	43.9	41.6	38.4	34.1
Extraordinary items (net of income taxes)	$ (6.8)	—	(13.5)	1.3	—
Net earnings	$ 45.4	43.9	28.1	39.7	34.1
Earnings before extraordinary items (per sales dollar)	4.0¢	3.9¢	4.0¢	4.1¢	4.3¢
Working capital provided from operations	$ 86.6	76.2	71.0	62.4	54.7
Per common share and common share equivalent (in dollars)*					
Earnings before extraordinary items	$ 2.33	1.98	1.88	1.76	1.65
Net earnings	$ 2.03	1.98	1.27	1.82	1.65
Taxes (Federal, State, Local)	$ 3.40**	2.93	2.90**	2.62	2.24
Working capital provided from operations	$ 3.87	3.44	3.21	2.86	2.64

†Includes the following pooled companies: 1971 Eddie Bauer, Inc., and The Silna Corporation; 1970 David Crystal, Inc., Knothe Brothers Co., Inc., and Red Lobster Inns of America, Inc.; 1969 The Gorton Corporation, which was accounted for as a part purchase, part pooling of interests, and Jesse Jones Sausage Company; 1968 Kenner Products Company.

*Per share data is based on the average common shares and common share equivalents outstanding during each year.

**Excluding income tax credits related to extraordinary items of $.21 per share in 1972 and $.25 per share in 1970.

dollar amounts, except per share, in millions and shares outstanding in thousands

52 Weeks Ended					Year Ended May 31	
May 25 1969	May 26 1968	May 28 1967	May 29 1966	May 30 1965	1964	1963
885.2	668.9	602.5	524.7	559.0	541.3	523.9
36.2	31.3	28.4	23.3	20.4	17.2	14.9
37.5	31.3	28.4	21.9	7.6	13.0	14.9
13.9	12.3	11.4	10.6	9.9	9.2	8.7
2.7	2.8	2.4	—	.3	1.1	1.1
19.6	16.2	14.6	12.7	10.2	6.9	5.1
1.77	1.66	1.57	1.52	1.31	1.05	.95
1.83	1.66	1.57	1.43	.48	.78	.95
.80	.78¾	.75	.70	.65	.60	.60
17,772	16,024	15,268	15,190	15,170	15,250	14,502
—	—	—	—	—	221	221
1,560	1,573	1,623	—	—	—	—
32,900	30,000	29,300	27,100	28,700	32,700	30,000
/8-31⅝	42⅝-30	36¾-27	32-26	31¾-19⅛	21⅜-16¼	19-11⅛
/2-54½	71¼-55⅝	61½-48	—	—	—	—

OTHER STATISTICS

Restated for Poolings of Interests

dollars in millions

	Fiscal Year 1972	1971	1970	1969	1968
Gross expenditures for plant and equipment	$ 51.0	60.4	60.4	37.3	25.7
Research expenditures	$ 17.4	14.6	13.8	13.3	10.6
Advertising media expenditures	$ 63.3	54.0	57.0	58.5	52.1
Depreciation and amortization	$ 32.0	27.5	25.9	22.9	18.2
Wages, salaries and employee benefits	$ 258.6	224.0	201.2	169.1	131.9
Number of employees	35,892	32,556	28,908	27,642	24,154

BOARD OF DIRECTORS

James P. McFarland, Minneapolis, *Chairman, Chief Executive Officer, General Mills, Inc.*

H. Brewster Atwater, Jr., Minneapolis, *Executive Vice President, General Mills, Inc.*

Charles H. Bell, Minneapolis, *Chairman of Finance Committee, General Mills, Inc.*

J. Ford Bell, Minneapolis

Thomas M. Crosby, Minneapolis, *Chairman of Board, Northwest Growth Fund, Inc.*

Kenneth N. Dayton, Minneapolis, *President, Dayton Hudson Corporation*

J. Wilbur Feighner, Columbus, Ga., *Executive Vice President, General Mills, Inc.*

Philip B. Harris, Minneapolis, *President, Northwestern National Bank*

Stephen F. Keating, Minneapolis, *President, Honeywell Inc.*

E. Robert Kinney, Minneapolis, *Executive Vice President, Chief Financial Officer, General Mills, Inc.*

R. Stanley Laing, Dayton, Ohio

William H. Lang, St. Paul, *President, Foley Brothers, Inc.*

David M. Lilly, Minneapolis, *Chairman of Board, The Toro Company*

Louis W. Menk, St. Paul, *Chairman of Board, Burlington Northern Inc.*

Charles F. Phillips, Auburn, Me., *President Emeritus, Bates College*

Edwin W. Rawlings, Minneapolis

Frederick A. O. Schwarz, New York, N.Y., *of Davis Polk & Wardwell*

James A. Summer, Minneapolis, *President, Chief Operating Officer, General Mills, Inc.*

Donald F. Swanson, Minneapolis, *Executive Vice President, General Mills, Inc.*

EXECUTIVE COMMITTEE

James P. McFarland, Chairman
Charles H. Bell
J. Ford Bell
Kenneth N. Dayton
Stephen F. Keating
William H. Lang
Louis W. Menk
Edwin W. Rawlings
Frederick A. O. Schwarz
James A. Summer

FINANCE COMMITTEE

Charles H. Bell, Chairman
Philip B. Harris, Vice Chairman
Kenneth N. Dayton
E. Robert Kinney
R. Stanley Laing
David M. Lilly
James P. McFarland
Frederick A. O. Schwarz

RESEARCH POLICY COMMITTEE

William H. Lang, Chairman
Charles H. Bell
J. Ford Bell
Thomas M. Crosby
Kenneth N. Dayton
Stephen F. Keating
David M. Lilly
James P. McFarland
Louis W. Menk
Edwin W. Rawlings
James A. Summer

INCENTIVE POLICY COMMITTEE

William H. Lang, Chairman
Charles H. Bell
Philip B. Harris
Stephen F. Keating
R. Stanley Laing
Frederick A. O. Schwarz

PUBLIC RESPONSIBILITY COMMITTEE

Thomas M. Crosby, Chairman
J. Ford Bell
William H. Lang
Louis W. Menk
Charles F. Phillips
Edwin W. Rawlings

AUDIT COMMITTEE

Charles F. Phillips, Chairman
Thomas M. Crosby
Philip B. Harris
David M. Lilly
Louis W. Menk

CORPORATE OFFICERS

James P. McFarland, *Chairman of Board, Chief Executive Officer*

James A. Summer, *President, Chief Operating Officer*

E. Robert Kinney, *Executive Vice President, Chief Financial Officer*

H. Brewster Atwater, Jr., *Executive Vice President, Consumer Foods, The Gorton Corporation, Advertising and Marketing Services, Trade Policy and Customer Relations*

J. Wilbur Feighner, *Executive Vice President, Domestic Operations of Tom's Foods Ltd., GoodMark Division, The Donruss Co.*

Donald F. Swanson, *Executive Vice President, Craft, Game & Toy Division, Direct Marketing Division, Fashion Division, International Operations*

Eugene E. Woolley, *Executive Vice President, General Mills Chemicals, Inc., Red Lobster Inns of America, Inc., O-CEL-O Operations, Corporate Real Estate, Corporate Transportation*

Paul L. Parker, *Senior Vice President, Public and Employee Relations*

Sewall D. Andrews, Jr., *Vice President, International Operations and Acting Chairman, General Mills (U.K.-Europe)*

John F. Finn, *Vice President, Secretary and General Counsel*

James S. Fish, *Vice President, Advertising and Marketing Services*

Frank C. Hildebrand, *Vice President, Executive Director of the General Mills Foundation, Chairman of the Information Systems Planning Board*

John V. Luck, *Vice President and Technical Director*

Henry H. Porter, Jr., *Vice President-Finance, Treasurer*

Edward K. Smith, *Vice President and Controller*

TRANSFER AGENCIES

COMMON STOCK:

First National City Bank, 111 Wall Street, New York, N.Y. 10015
Office of the Company, P.O. Box 1113, Minneapolis, Minn. 55440

$1.75 CUMULATIVE CONVERTIBLE PREFERENCE STOCK:

First National City Bank, 111 Wall Street, New York, N.Y. 10015
The First National Bank of Columbus, 101 13th Street, Columbus, Ga. 31902

REGISTRARS

COMMON STOCK:

The Chase Manhattan Bank, N.A., 1 Chase Manhattan Plaza, New York, N.Y. 10015
Northwestern National Bank of Minneapolis, Seventh and Marquette, Minneapolis, Minn. 55480

$1.75 CUMULATIVE CONVERTIBLE PREFERENCE STOCK:

The Chase Manhattan Bank, N.A., 1 Chase Manhattan Plaza, New York, N.Y. 10015
Columbus Bank and Trust Company, 1148 Broadway, Columbus, Ga. 31902

OPERATING OFFICERS, GENERAL MILLS, INC.

Walter R. Barry, Jr., *Vice President and General Manager, Betty Crocker Division*
Mercedes A. Bates, *Vice President and Director of Betty Crocker Kitchens*
M. M. Benidt, *Vice President and Director of Latin American and Export Operations*
F. C. Blodgett, *Vice President and General Manager, Big G Division*
Fred Blumers, *Vice President and General Manager, Package Foods Operations Division*
Donald W. Carlson, *Vice President; President, General Mills Chemicals, Inc.*
Ross N. Clouston, *Vice President; President, The Gorton Corporation*
John P. Eckert, *Vice President; Director of Operations, European Common Market, Craft, Game & Toy Division*
James J. Feeney, *Vice President and Manager of Bakery Flour and Food Service Operations, Sperry Division*
George C. Gaines, *Vice President; joint Managing Director, General Mills (U.K.-Europe)*
F. William Graham, *Vice President and General Manager, Fashion Division*
Thomas P. Nelson, *Vice President and Controller, Consumer Foods*
J. Robert Roach, *Vice President and Director of Research and Development, Food Activities*
Howard L. Ross, *Vice President and General Manager, Grocery Products Sales Division*
Gordon W. Ryan, *Vice President and Director of Trade Policy and Customer Relations, Consumer Foods*
Arthur R. Schulze, *Vice President and General Manager, Golden Valley Division*
Robert K. Swanson, *Vice President; joint Managing Director, General Mills (U.K.-Europe)*
Michael L. Tracy, *Vice President and General Manager, GoodMark Division*
Gordon E. Whiteman, *Vice President and Director of Major Commodity Operations, Sperry Division*
Darryl J. Woodland, *Vice President and General Manager, Sperry Division*

STAFF OFFICERS, GENERAL MILLS, INC.

John M. Barker, *Vice President, Director of Taxes*
John T. Gerlach, *Vice President, Director of Corporate Growth*
J. William Haun, *Vice President, Director of Engineering*
William R. Humphrey, Jr., *Vice President, Director of Community and Civic Affairs*
Verne C. Johnson, *Vice President, Director of Corporate Planning*
Daniel G. McPherson, *Vice President, Director of Quality Control, Nutritional Policy and Food Safety*
William K. Smith, *Vice President, Director of Transportation*
Stanley V. Tabor, *Vice President, Corporate Real Estate*
Clifford L. Whitehill, *Vice President, Assistant General Counsel*
Harold A. Wittcoff, *Vice President, Director of Corporate Research*

OTHER OPERATING EXECUTIVES OF GENERAL MILLS AND DOMESTIC SUBSIDIARIES

Lee C. Anderson, *President, Dexter Thread Mills, Inc.*
Ted C. Betker, *President and General Manager, Model Products/Lionel/Craft Master*
Ray E. Brunswig, *President, Pioneer Products, Inc.*
Michael Chernow, *President, Monocraft, Inc.*
Jerome L. Cohen, *President, Gay-Gem Products Corporation*
William B. Darden, *President, Red Lobster Inns of America, Inc.*
Harry L. Davis, *President, Gold Medal Insurance Co.*
J. Wilbur Feighner, *Chairman, Tom's Foods Ltd.*
Vincent dePaul Draddy, *President, David Crystal, Inc.*
John D. Herrick, *General Manager, Canadian Operations*
Hudson E. Holloway, *President, International Seafoods, Inc.*
Edward Kruger, *President, Knothe Brothers Company, Inc.*
William A. Lantz, *President, E. H. Thompson Company*
Bernard Loomis, *President, Kenner Products*
Stewart Lyman, *President, The Donruss Co.*
James P. McLane, *General Manager, Direct Marketing Division*
William F. Niemi, Jr., *President, Eddie Bauer, Inc.*
Edward P. Parker, *President and General Manager, Parker Brothers*
Ozzie Silna, *President, The Silna Corporation*
Gordon L. Wogsland, *Managing Director, Far Eastern Operations*

INTERNATIONAL OPERATIONS

FOODS AND FLOUR

*Smiths Food Group S.A.	Belgium	A. Van de Walle, *General Manager*
General Mills Canada, Ltd.	Canada	John D. Herrick, *Chairman*
Grocery Products Division		John D. Herrick, *General Manager*
Lancia — Bravo Food Division		A. M. Aymong, *General Manager*
The Smiths Food Group	England	Sir Rupert Speir, *Chairman* Robert K. Swanson, *Deputy Chairman and Chief Executive Officer*
*Biscuiterie Nantaise — BN, S. A.	France	Lionel Cossé, *Chairman and Managing Director*
*Industria Harinera Guatemalteca, S. A. and Industria Del Maiz, S. A.	Guatemala	Francisco Gamez, *General Manager*
*Smiths Food Group N. V.	Holland	C. B. M. de Jong, *General Manager*
*Smiths Food Group (Ireland) Ltd.	Ireland	C. Gordon Lambert, *Chairman*
*Fonti Levissima S.p.A.	Italy	Erminio Casella, *President* Alberto Mascetti, *Vice President*
*Morinaga General Mills, Limited	Japan	Hideo Ito, *Representative Director and President* G. L. Wogsland, *Representative Director and Executive Vice President*
*Productos de Trigo, S. A.	Mexico	Gustavo Martinez, G., *General Manager*
*Industrias Gem-Ina, S. A.	Nicaragua	Alfredo Montealegre, *General Manager*
*General Mills de Panama, S. A.	Panama	Lyle C. Mertz, *General Manager*
General Mills de Venezuela, S. A.	Venezuela	Paul Kaufmann, *Vice President and General Manager*
*Grandes Molinos de Venezuela, S. A.	Venezuela	Moises Benjamin, *General Manager*

AFFILIATES OF THE GORTON CORPORATION

*Crevettes Du Cameroon	Cameroon	Jacque De Vries, *Managing Director*
Agincourt Foods Division	Canada	Russell G. Langley, *General Manager*
Blue Waters Seafoods Division	Canada	Bruce O'N Hyland, *General Manager*
Canapro Division	Canada	Jean Carbonneau, *Manager*
Gorton-Pew Division	Canada	Laurie Delaney, *General Manager*
*Gloucester Peruvian, S. A.	Peru	Robin Rackowe, *General Manager*

CRAFTS, GAMES AND TOYS

*Toltoys Proprietary, Limited	Australia	Alex Tolmer, *President*
*Binder Tool and Mold, Limited	Canada	Fred Binder, *President*
*Kenner Products (Canada), Limited	Canada	Arnold Irwin, *President*
Parker Brothers Games (Impressions)	Canada	A. Tom Vernon, *President*
Denys Fisher Group, Limited	England	Robert Fieldhouse, *Managing Director*
Palitoy	England	Robert Simpson, *President*
*Miro Company, S. A. (*Capiepa, S. A., France Cartes, S. A., Parker Brothers France, S.A.R.L.)	France	Michel Habourdin, *President*
Georg Brohm Spielwaren GmbH	Germany	John Eckert, *Managing Director*
*CIA. Industrial de Novedades Plasticas y Metalicas, S. A.	Mexico	Jose Ciklik, *President*

CHEMICALS

Indusquima, S. A.	Brazil	Juan Sabaté Perez, *Director-President*
Tragasol Products Ltd.	England	W. L. Spliethoff, *Chairman*
*Dai-Ichi General, Ltd.	Japan	Hikaru Konishi, *Representative Director and President* C. F. Pozzani, *Representative Director and Executive Vice President*
General Mills de Mexico, S. A.	Mexico	Ricardo Madero, *President and General Manager*
*Habib General Limited	Pakistan	Asghar Habib, *General Manager*
Nutralgum S.p.A.	Italy	Adolfo Bogoncelli, *Managing Director*

*Partially owned

General Mills, Inc. · General Offices
P.O. BOX 1113 • MINNEAPOLIS, MINNESOTA 55440

SPHERES OF SALES

LITHO IN U